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22 January 1955




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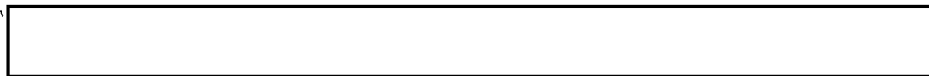
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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 5
NO CHANGE IN CLASS X
DECLASSIFIED
CLASS CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 7 Jan 80 REVIEWER: 

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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Army, JCS and State Department
review(s) completed.

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SUMMARY

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FAR EAST

1. Japanese foreign minister probably will be replaced after election:

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Mamoru Shigemitsu will not be reappointed as Japan's foreign minister if, as is generally expected, the Democrats retain power after the general elections

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in late February. [REDACTED]

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[REDACTED] upper house member Arata Sugihara will be foreign minister for an interim period, and he will be succeeded by former ambassador to London Shunichi Matsumoto.

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Comment: Hatoyama's recent statements advocating closer relations with the Orbit may have been inspired by Sugihara, who is currently acting as the prime minister's personal foreign adviser. [REDACTED] Sugihara favors a complete change from Yoshida's foreign policy and believes a treaty should be negotiated with the USSR and Communist China.

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Matsumoto is a career diplomat who has just returned from London to run in the election. As foreign minister he could be expected to try to bring Japan's policies on Far Eastern matters more in line with British views.

2. Chinese Nationalist attempt to evacuate Tachens seen costly:

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The Chinese Nationalists might be able to effect withdrawal of their garrison in the Tachens without American assistance, but only at the risk of major losses to their navy and air force, according to Major General Chase, the senior American military adviser on Formosa. General Chase believes that such a risk is not justified, and that it would be



better for the Nationalists to lose the Tachens and their garrison there than to cripple the naval and air arms.

Comment: Against Nationalist opposition alone, the Communists would almost certainly disrupt the withdrawal by air bombardment, naval action and artillery fire by day and by night.

American naval and naval air assistance in a planned withdrawal of the Nationalist garrison would reduce the likelihood, but would not eliminate the possibility, of aggressive Communist intervention in the operation.

NEAR EAST - AFRICA

25X1A 3. Comment on Israel's reaction to proposed Turkish-Iraqi pact:

[REDACTED] Reports from Israel reveal that the proposed Turkish-Iraqi agreement and the possible undermining of the Arab League have created a new dilemma for Tel Aviv.

Israel recognizes the Arab League's unyielding position as a major block to peace settlements and would accordingly welcome the league's collapse over the present issue. However, Israel is also strongly opposed to any Middle East defense plans which would bring arms to any Arab state. This overriding consideration will probably induce it to oppose a Turkish-Iraqi agreement or any defense arrangements which include the Arab states, even though Turkish participation represents a specific guarantee against Arab aggression. [REDACTED]

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LATIN AMERICA

25X1A 4. Comment on abortive coup in Guatemala:

[REDACTED] The attempted revolt in Guatemala on 20 January is symptomatic of the general unrest, extending to the army,

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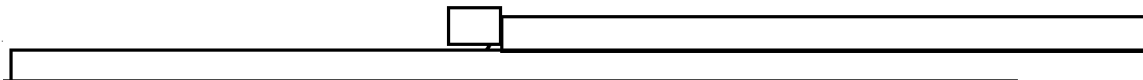


which has been apparent since last November. The rebels apparently included military personnel of at least one of the capital city's two garrisons.

There is no evidence to support government allegations that the attempt was Communist-directed.

Ambassador Armour reports that a person who saw President Castillo Armas late on 20 January found him "confident but angry" and determined to crack down hard on his opponents. The long list of individuals, including Colonel Monzon, whom Castillo reportedly intends to arrest, suggests that the president may be striking out blindly against all potential opposition leaders. The arrest of Monzon, probably the strongest potential army leader and Castillo's partner in the post-Arbenz juntas last summer, could produce a serious reaction in the army.

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the Castillo administration has turned to ruthless measures reminiscent of its dictatorial predecessors. This could further alienate the army and populace from the government.

5. Panamanian situation may explode "at any moment":

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Friction among the three top officers of the National Guard and Alejandro Remon, brother of the late president and presently the minister of government and justice, may cause the situation in Panama to reach

the point "at any moment" where shooting would break out between these men and their supporters. Contrary to an order from Remon, the commandant of the guard has failed to discharge one of his subordinates.

Comment: Since the murder of President Remon on 2 January there have been signs of rivalry between the commandant of the National Guard and his deputy, and during the ouster of former president Guizado, it appeared that Deputy Commandant Saturnino Flores was emerging as the "strong man" of Panama.

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The unclosed case against Guizado, who is accused of complicity in the Remon murder, is another factor adversely affecting the stability of the government of President Arias, and may well be a serious point of conflict among government leaders. General Harrison, the American commander in the Canal Zone, pointed out on 19 January that the government is faced with proving Guizado's guilt or being discredited for precipitate and "obviously prejudiced action."

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